

PUBLIC DISCLOSURE

OCTOBER 12, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

THE BRAINTREE CO-OPERATIVE BANK

1010 WASHINGTON STREET
BRAintree, MA 02184

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **THE BRAINTREE CO-OPERATIVE BANK (or the "Bank")** prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Based on the five criteria specified for institutions with assets under \$250 million, The Braintree Co-operative Bank's overall CRA performance is considered Satisfactory. The Bank's loan-to-deposit ratio stood at 64.9 percent as of June 30, 2004, and averaged of 65.5 percent over the last 8 quarters. These figures represent satisfactory performance levels that meet the standards for satisfactory performance based on the Bank's size, customer credit needs, and the competitive market in which it operates.

Mortgage loan data for calendar years 2002 and 2003, indicates that the Bank originates the majority of its residential mortgages within the assessment area. The Bank meets the standards for satisfactory performance in this category also.

Low- and moderate-income households represent 39.3 percent of total households. The Bank's performance in lending to borrowers of different income levels is considered to be good when compared to aggregate data and the distribution of households, especially low- and moderate-income households.

The Bank's assessment area has 1 low-income census tract, 2 moderate-income census tracts, 36 middle-income census tracts, and 1 upper-income census tract. Based on the analysis of the geographic distribution of loans within each locality, the Bank's performance is considered satisfactory. Finally, based on a review of the Bank's CRA-related complaint file and fair lending policies and practices, no evidence of any discriminatory practices was noted. An overall rating of "Satisfactory" was given.

PERFORMANCE CONTEXT

Description of Institution

The Braintree Co-operative Bank is a state-chartered mutual institution incorporated under the laws of the Commonwealth in 1889. The Bank's main office is located at 1010 Washington Street in Braintree. The Bank operates two full-service offices, including the main office. The branch office is also located in Braintree at 372 Washington Street. Both full service offices offer deposit taking 24-hour ATM service. The ATMs are connected to the NYCE network. In addition, the Bank operates a loan center at 1000 Washington Street in Braintree. Also, drive-up teller service is provided at both full-service office locations. Drive-up service hours are provided an hour earlier than regular banking hours Monday through Friday and ½ hour later than regular banking hours on Monday, Tuesday, and Wednesday. Bank services and hours of operation are similar to those of competing institutions and afford accessibility to all segments of the Bank's assessment area. Offices provide business hours from 9:00 a.m. to 3:00 p.m. weekdays. The Bank offers extended branch and drive-up service on Thursday and Friday evening and Saturday morning.

As of June 30, 2004, The Braintree Co-operative Bank had total assets of \$183.1 million. Total loans represent 60.3 percent of the Bank's total assets. The Bank is primarily a residential mortgage lender with 78.8 percent of its loan portfolio comprised of residential loans. Loans on non-farm nonresidential properties are next with 9.9 percent of total loans, followed by construction and land development loans with 6.9 percent. The following table includes other categories consisting of multifamily, consumer and commercial loans, each representing less than 5 percent of the loan portfolio.

Loan Distribution as of June 30, 2004		
Loan Type	Dollar Amount \$(000)	Percent (%)
Secured by:		
Construction and Land Development	7,588	6.9
1-4 Family Residential Properties	84,492	76.5
Multi Family (5 or more) Residential Properties	2,524	2.3
Nonfarm Nonresidential Properties	10,942	9.9
Commercial and Industrial Loans	2,918	2.6
Consumer Loans	2,194	2.0
Less: Unearned Income	-202	-0.2
Total	110,456	100.0

Source: Report of Condition

Description of Assessment Area

CRA requires financial institutions to define an assessment area within which its lending efforts are focused. The Division evaluates the institution's CRA performance based upon the defined assessment area.

The Braintree Co-operative Bank has defined its assessment area as the following five municipalities: the Towns of Braintree, Holbrook, Randolph, and Weymouth; and the City of Quincy, all located within the Boston Metropolitan Statistical Area ("MSA"). The geographies that comprise the assessment area are representative of the four income

categories that define census tracts and borrowers. These categories include low-, moderate-, middle-, and upper-income.

Based on the 1990 U.S. Census data, the Department of Housing and Urban Development ("HUD") median family income for the Boston MSA was \$48,688. Subsequently, HUD makes annual adjustments of MSA median family income figures. The adjusted median family incomes for the MSA for 2002 and 2003 are shown in the table below. Based upon the definitions of the various income levels, the adjusted figures for low-income individuals and moderate-income individuals are also indicated in the following table.

Annual Income		Adjusted Annual Income Levels	
Boston MSA	Amount	Low-income <50% MSA MFI	Moderate-income 50%-79% MSA MFI
Year: 2002	\$74,200	\$37,099	\$37,100 - \$59,359
Year: 2003	\$80,800	\$40,399	\$40,400-\$64,639

¹Median Family Income

Assessment Area 2002

Based on census data for 1990, the assessment area is comprised of 40 census tracts. The breakdown classification* of the tracts is as follows: 1 or 2.4 percent low-income; 4 or 9.5 percent moderate-income; 36 or 85.7 percent middle-income; and 1 or 2.4 percent upper-income. The City of Quincy contains the most census tracts, including the low-income tract and 3 moderate-income census tracts. Weymouth contains the other moderate-income tract and Braintree contains the single upper-income tract. Holbrook, Randolph, and Weymouth are comprised of middle-income tracts, only.

Census demographic data obtained from CRA WIZ indicate that the Bank's assessment area contains a total population of 214,018 individuals. There are 87,137 housing units within the assessment area, of which 58.5 percent are owner-occupied, 37.0 percent are rental occupied, and 4.5 percent are vacant housing units. Households living below the poverty level represent 6.6 percent of total households.

The following table provides demographic and economic information pertaining to the Bank's assessment area.

* As defined by the U.S. Department of Housing and Urban Development (HUD) Low-income is defined as income level or area that earns less than 50 percent of the MSA's median family income. Moderate-income is defined as an income level that is 50 percent to less than 80 percent of the MSA's median family income. Middle-income is defined as an income level that is 80 percent to less than 120 percent of the MSA median family income, while upper-income is defined as an income level that is equal to or greater than 120 percent of the MSA's median family income.

<i>Selected Housing Characteristics by Income Category of the Geography</i>							
<i>Geographic Income Category</i>	<i>Percentage</i>						<i>Median Home Value</i>
	<i>Census Tracts</i>	<i>House- holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>	
Low	2.5	1.5	1.5	0.7	2.9	0.9	139,600
Moderate	5.0	6.2	6.3	3.5	10.5	7.8	144,093
Middle	90.0	89.9	89.9	92.7	85.5	90.1	158,618
Upper	2.5	2.4	2.3	3.1	1.1	1.2	171,400
Total of Median	100.0	100.0	100.0	100.0	100.0	100.0	158,598

Source: 1990 U.S. Census

Assessment area 2003

Based on census data for 2000, the assessment area is comprised of 42 census tracts. The assessment area is composed of a total of 42 census tracts, with the following classifications: 1 low-income; 4 moderate-income; 36 middle-income; and 1 upper-income. Census demographic information obtained from CRA WIZ indicates that the Bank's assessment area contains a total population of 217,589 individuals. There are 91,325 housing units within the assessment area of which 60.2 percent are owner-occupied 37.2 percent are rental-occupied and 2.6 percent are vacant housing units. Households living below the poverty level represent 6.7 percent of total households.

The following table provides demographic and economic information pertaining to the Bank's assessment area.

<i>Selected Housing Characteristics by Income Category of the Geography</i>							
<i>Geographic Income Category</i>	<i>Percentage</i>						<i>Median Home Value</i>
	<i>Census Tracts</i>	<i>House- Holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>	
Low	2.4	1.4	1.4	0.7	2.6	2.5	152,900
Moderate	9.5	10.5	10.6	7.5	15.5	12.5	162,929
Middle	85.7	85.7	85.6	88.3	81.4	83.4	182,504
Upper	2.4	2.4	2.4	3.6	0.5	1.6	226,000
Total of Median	100.0	100.0	100.0	100.0	100.0	100.0	182,871

Source: 2000 U.S. Census

Change in Demographics

In 2003, the US Census Bureau released its revised demographics based upon 2000 census data. The following table reflects both the 1990 and 2000 census data of The Braintree Co-operative Bank's assessment area by census tract income groupings. This information is being included as a precursor for future examinations as well as for the Bank's future reference. In addition, the percentage change in the number of census tracts by income grouping is also reflected.

<i>Change in Assessment Area Demographics</i>					
Census Tracts	1990 Census Data		2000 Census Data		% Change in Number of Census Tracts
	#	%	#	%	
Low	1	2.5	1	2.4	0
Moderate	2	5.0	4	9.5	100.0
Middle	36	90.0	36	85.7	0
Upper	1	2.5	1	2.4	0
Totals	40	100.0	42	100.0	5.0

Source: PCI Services, Inc. CRA Wiz Software

Of the 5 municipalities in the assessment area, three had changes in the make-up of 4 of the 40 census tracts.

PERFORMANCE CRITERIA

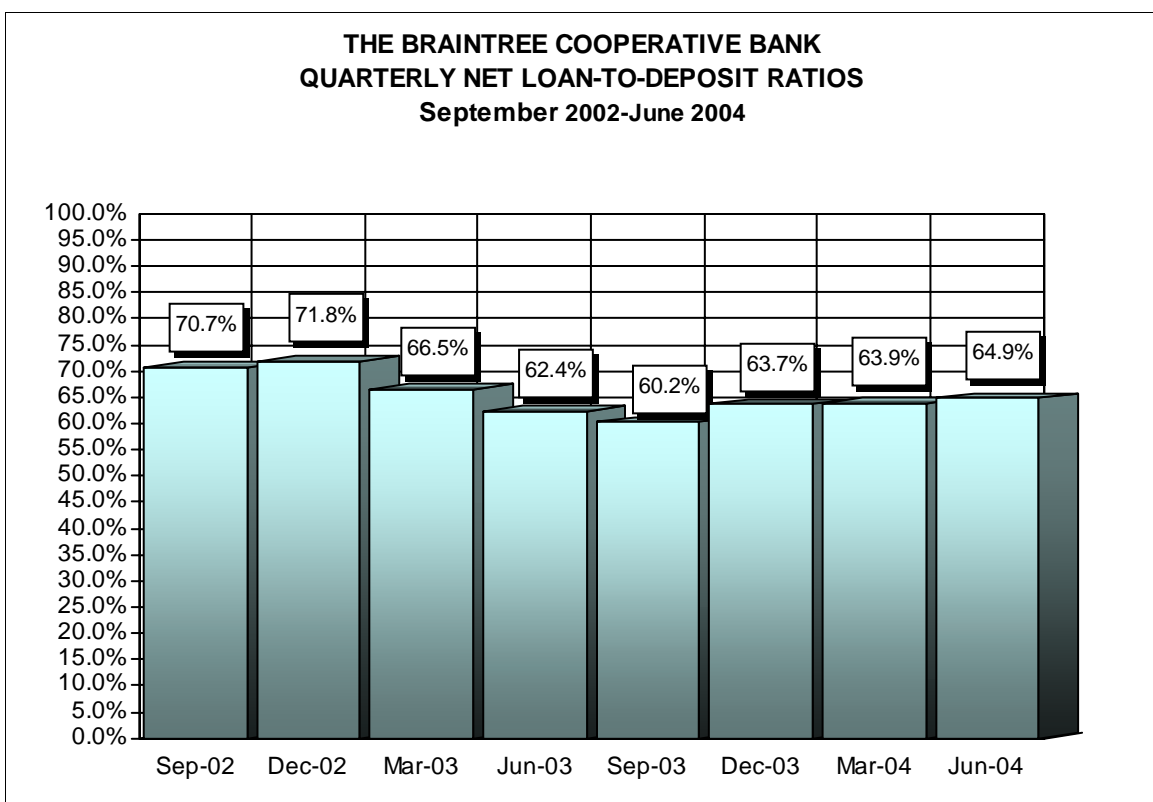
1. LOAN TO DEPOSIT ANALYSIS

Based upon the Bank's asset size, its capacity to lend, and the credit needs of its customers, the analysis of The Braintree Co-operative Bank's net loan-to-deposit ratio indicates that the Bank meets the standards of satisfactory performance.

An analysis of The Braintree Co-operative Bank's net loan-to-deposit ratio was performed during the examination. The analysis utilized the last eight quarters of the Federal Financial Institutions Examination Council ("FFIEC") Call Report data for this institution. The Bank's net loans to total deposits as reported to the FFIEC were reviewed for the quarters ending September 30, 2002 through June 30, 2004. The following chart indicates that for the period reviewed, the Bank's net ratios indicated a slightly downward trend with a high of 71.8 percent as of December 31, 2002 to a low of 60.2 percent as of September 30, 2003.

Call report data for this period indicates that total loans decreased by approximately 5 percent while total deposits increased by approximately 3.6 percent. Thus, the declining ratios reflect the deposit growth and the contrasting loan portfolio decline, which according to management, was attributed to the intensely competitive mortgage market environment.

Nonetheless, there is indication of a reversing trend during the last 3 quarterly time periods with management's attempt to bring rates more in line with the competition.



The Braintree Co-operative Bank's net loan-to-deposit ratio for second quarter 2004 is stated below and is compared to other institutions that operate within the Bank's assessment area. As indicated previously, the Bank's efforts in stimulating loan growth by bringing rates more in line with the competition and the comparison of three other

institutions, as shown in the following table, puts the Bank's net loans-to-deposit ratio at a satisfactory level.

<i>Net loans-to-deposit Ratios as of June 30, 2004</i>			
Bank	Net Loans (\$000)	Deposits (\$000)	% LTD
South Shore Cooperative Bank	120,286	86,357	139.3
Weymouth Bank	97,014	133,596	72.6
Randolph Savings Bank	198,634	300,469	66.1
Braintree Cooperative Bank	109,426	168,633	64.9

Based on the foregoing information, the Bank's asset size and resources, and the credit needs of its customers, the Braintree Co-operative Bank's net loan-to-share ratio is considered to be adequate.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Based upon the analysis of Home Mortgage Disclosure Act ("HMDA") data, the Bank's level of lending within the assessment area meets the standards for satisfactory performance.

HMDA-reportable residential loans were used to compare the institution's level of lending activity inside the assessment area. This data was also used to compare the level of lending outside the assessment area. These loans consisted of first and second mortgages and home improvement loans on one to four family properties. Refinanced mortgages represented 68.6 percent of total loans on residential properties.

According to the institution's HMDA data, the Bank originated 206 loans inside its assessment area representing 60.9 percent of the total number, or 55.6 percent of the total dollar volume of \$61.4 million. Braintree accounted for 59.7 percent of the total number and 57.1 percent of the total dollar volume. Weymouth and Quincy were second and third place with 28.6 percent and 5.8 percent of the total number, respectively. The towns of Holbrook and Randolph represented less than five percent of the total number and dollar volume each. Refer to the following tables for a breakdown of loan activity by year.

Distribution of HMDA Loans Inside and Outside the Assessment Area										
Year	Number of Loans					Dollars				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2002	114	62.3	69	37.7	100.0	18,626	56.4	14,372	43.6	100.0
2003	92	59.4	63	40.6	100.0	15,500	54.5	12,933	45.5	100.0
Total	206	60.9	132	39.1	100.0	34,126	55.6	27,305	44.4	100.0

Source: HMDA LAR CRA WIZ 2002

The data presented above for HMDA-reportable loans indicate that the Bank extends the majority its loans, by number and dollar volume, within the assessment area. The overall rate of lending within the assessment area is at a satisfactory level.

Market share data for 2002 was also reviewed with respect to this performance criterion. The data is based on loan information submitted to the Federal Reserve Board by all HMDA reporters that originated HMDA reportable loans in the assessment area. In 2002, there were 380 lenders that originated and purchased a total of 20,282 HMDA-reportable loans within the assessment area. The Bank ranked 43rd with a 1 percent market share at that time. The top positions were held by Washington Mutual Bank, FA with a market share of 10 percent followed by Countrywide Home Loans with a market share of 7 percent.

3. LENDING TO BORROWERS OF DIFFERENT INCOMES

The distribution of residential loans to borrowers of different incomes reflects good penetration among all income levels. Based upon this analysis, the Bank's efforts exceed the standards for satisfactory performance.

Further analysis of the Bank's loan data was conducted in order to determine the distribution of loans based upon the income levels of borrowers. The analysis of borrower income level was identified as the ratio of borrower income to the median family income for the assessment area towns located within the Boston MSA. The median family income is based upon estimated 2002 and 2003 HUD information for the MSA.

The following table indicates loans originated and categorized by the applicants' reported income in relation to the median family income for the Boston MSA, which is where all properties are located. Loans extended to borrowers with incomes within the middle-income level for the MSA median family income represented the largest individual category with 30.6 percent of the total number for the period reviewed. Loans extended to borrowers of upper-income were next with 29.1 percent of the total number. Loans to borrowers of moderate-income and low-income represented 27.2 percent and 12.1 percent of loans originated, respectively. The following table provides a breakdown of residential loans originated by number categorized by applicant income level.

Distribution of HMDA Loans by Borrower Income								
Median Family Income Level	% House-Holds ¹	Aggregate Lending Data (% of #)	2002		2003		Total	
			2002	#	%	#	%	%
Low	23.1	5.7	13	11.4	12	13.0	25	12.1
Moderate	16.2	21.7	30	26.3	26	28.3	56	27.2
Middle	21.9	30.2	35	30.7	28	30.4	63	30.6
Upper	38.8	27.5	34	29.8	26	28.3	60	29.1
NA	0.0	14.9	2	1.8	0	0.0	2	1.0
Total	100.0	100.0	114	100.0	92	100.0	206	100.0

Source: ¹1990 U.S. Census, HMDA LAR HMDA Aggregate Data

The Bank's loan data within the various income levels for calendar year 2002 was compared to that of all other lenders within the assessment area for the same year. The results of the analysis indicated that the Bank's lending among low- and moderate-income borrowers was at a level proportionately higher than the other HMDA reporters. In addition, the Bank's lending performance among low- and moderate-income borrowers was comparable to the percentage of low- and moderate-income households. Based upon the analysis of borrower income, the distribution of residential loans indicates good penetration among the different income levels.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The analysis of the geographic distribution of residential loans and a comparative analysis of 2002 HMDA aggregate data indicate that The Braintree Co-operative Bank's efforts meet the standards for satisfactory performance.

The following table notes the number of residential loans originated within the assessment area by census tract classification. This data indicates that no loans were originated in the assessment area's low-income tract for the period reviewed. Also, the following table indicates that 86.4 percent of the total number originated within the assessment area's middle-income tracts. Loans originated in the upper-income and moderate-income tracts represented 10.7 percent and 2.9 percent, respectively.

Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	% Total Owner-Occupied Housing Units ¹	Aggregate Lending Data (% of #)	2002		2003		Total	
		2002	#	%	#	%	#	%
Low	0.7	0.5	0	0.0	0	0.0	0	0.0
Moderate	3.5	4.3	1	0.9	5	5.4	6	2.9
Middle	92.7	92.2	102	89.5	76	82.6	178	86.4
Upper	3.1	2.9	11	9.6	11	12.0	22	10.7
Total	100.0	100.0	114	100.0	92	100.0	206	100.0

Source: ¹1990 U.S. Census, HMDA LAR HMDA Aggregate Data

Overall, these figures are reasonably consistent with the owner-occupancy rate within the assessment area's various census tract income categories. However, the distribution of the Bank's loans within the low- and moderate-income census tract categories for 2002 is less than that of the aggregate lending data or the rate of owner-occupancy within low- and moderate-income geographies. The Braintree Co-operative Bank's low rate of penetration within low- and moderate-income census areas and the Bank's performance in contrast to aggregate lending data was noted in the previous CRA examination conducted by the Federal Deposit Insurance Corporation ("FDIC"). The limited activity then as well as in the current evaluation is the result of the high level of competition and the Bank's branch structure, which is concentrated in Braintree. Braintree is comprised of middle- and upper-income tracts. The low- and moderate-income tracts are located in the highly competitive Quincy market. These particulars present greater challenges for the Bank in any effort to penetrate the low- and moderate-income geographies within that area.

5. REVIEW OF COMPLAINTS/ FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices the institution meets the standards for satisfactory performance.

The Bank's fair lending data was reviewed to determine how this information relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. The Bank's Fair Lending Policy addresses specific areas relating to internal and external employee training and makes reference to HMDA, CRA, ECOA and Fair Lending Regulations. Primarily, The Braintree Co-operative Bank markets its services and products to the community through print media and the Internet.

A thorough review of the public comment file revealed that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination. Sample reviews of the Bank's approved and non-originated residential loan application files were conducted to check for fair lending issues. No discriminatory practices were noted.

The following information details The Braintree Co-operative Bank's fair lending performance as it relates to the guidelines established by the Division's Regulatory Bulletin 2.3-101.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Bank received from minority applicants. Between January 1, 2002, and December 31, 2003, the Bank received a total of 223 residential loan applications from within its assessment area. During this period, 12 credit applications were received from minority applicants. Of the 12 applications received from minority applicants, none were denied. Refer to the following table for further details.

Minority Application Flow*								
Race	2002 Aggregate Data		Bank 2002		Bank 2003		Bank Total	
	#	%	#	%	#	%	#	%
<i>Native American</i>	120	0.4	0	0.0	0	0.0	0	0.0
<i>Asian</i>	1,515	5.5	1	0.8	2	2.2	3	1.3
<i>Black</i>	985	3.6	1	0.8	0	0.0	1	0.4
<i>Hispanic</i>	266	1.0	2	1.6	3	3.1	5	2.2
<i>Joint</i>	237	0.9	2	1.6	0	0.0	2	0.9
<i>Other</i>	336	1.2	1	0.8	0	0.0	1	0.4
Total Minority	3,459	12.7	7	5.6	5	5.1	12	5.4
<i>White</i>	15,079	55.2	116	92.8	85	86.7	201	90.1
<i>NA</i>	8,772	32.1	2	1.6	8	8.2	10	4.5
Total	27,310	100.0	125	100.0	98	100.0	223	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

The Bank's minority application flow for this period was compared with the racial make-up of the assessment area and the 2002 aggregate data for all other HMDA

reporters within the assessment area. The comparison of these data assists in deriving reasonable expectations for the rate of applications the Bank received from minority credit applicants.

According to 1990 Census Data, The Braintree Co-operative Bank's assessment area contained a total population of 214,018 individuals, 7.1 percent of which is represented by various minority groups. By comparison, The Braintree Co-operative Bank's minority application flow of 5.6 percent is less than the percentage of minorities within the assessment area. By contrast, the 2002 aggregate data indicate that total minority applications, at 12.7 percent, exceeds the percentage of minority residents and is more than twice the rate of minority applications received by the Bank.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.